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NASA Procedural Requirements

COMPLIANCE IS MANDATORY**NPR 9420.1**Effective Date:
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(NASA Only)

Subject: Budget Formulation

Responsible Office: Office of the Chief Financial Officer[| TOC](#) | [Preface](#) | [Chapter1](#) | [Chapter2](#) | [Chapter3](#) | [Chapter4](#) | [Chapter5](#) | [Chapter6](#) | [Chapter7](#) | [AppendixA](#) | [AppendixB](#) | [AppendixC](#) | [ALL](#) |

Chapter1. Planning, Programming, Budgeting, and Execution

1.1 Overview

1.1.1 NASA develops its budget as part of the Planning, Programming, Budgeting, and Execution (PPBE) process. PPBE requires an enhanced level of analysis during budget formulation to ensure that resource alignment supports the accomplishment of Agency strategic goals and objectives in a resource-constrained environment. Budget formulation occurs annually. The PPBE process includes developing the Agency Strategic Goals and performance plans, formulating the Annual budget, developing fully executable Agency Operating and Execution Plans, and continues through the years of execution. This NPR focuses on budget formulation, which begins at the end of the Planning Phase with the Strategic Planning Guidance (SPG) and ends with Congress approving the budget level which will be funded for the Agency through the enactment of appropriations.

1.1.2 Figure 1-1 depicts the annual PPBE process. The first four steps of the Planning Phase occur separately from the analysis of program resource requirements. The SPG step of Planning and the Programming and Budgeting Phases focus on budget formulation and are the subject of this NPR. The final phase covers budget execution, which is addressed in NPR 9470.1. The steps of each phase are identified by their end products with the exception of Execution, which are identified by the sub-processes.

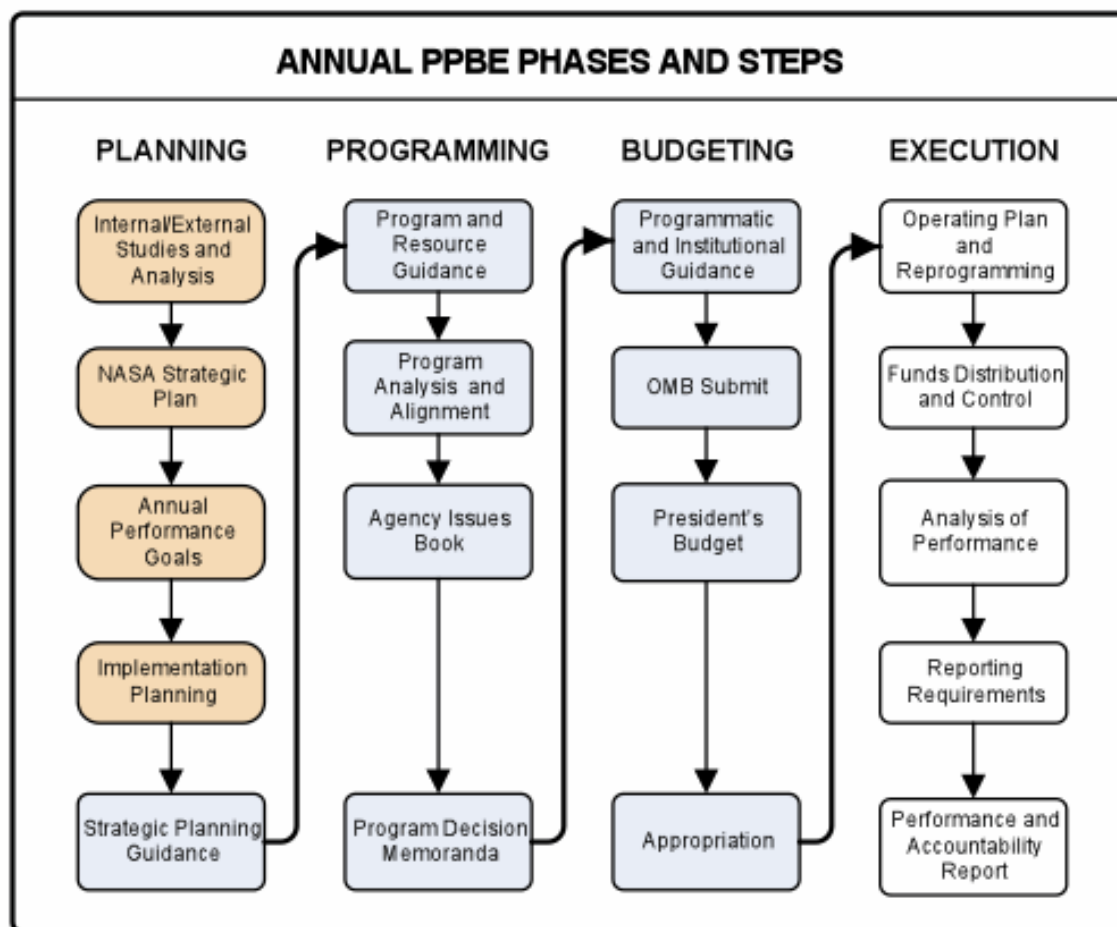


Figure 1-1, Annual PPBE Phases and Steps

1.2 Agency Requirements

1.2.1 NASA shall use the PPBE methodology, as defined in this NPR, to align Agency resources in accordance with legal and regulatory requirements and the Agency's vision and mission.

1.2.2 NASA shall use the PPBE methodology to meet the Annual Performance Plan requirements set forth in the Government Performance and Results Act (GPRA) of 1993, as interpreted in OMB Circular No. A-11, Part 6.

1.2.3 NASA's budget formulation shall be jointly governed by the Office of Program Analysis and Evaluation (PA&E) and the Office of the Chief Financial Officer (OCFO). PA&E has primary responsibility for the Planning and Programming Phases, while OCFO has primary responsibility for the Budgeting and Execution Phases, although both offices, the Control Account Managers (CAMs), and Centers have roles and responsibilities under each phase of the PPBE process.

1.2.4 Data developed for the SPG and during the Programming and Budgeting Phases of PPBE is pre-decisional. The material underlying these decisions should not be released at any time except in accordance with OMB Circular No. A-11, Section 22 and consent from PA&E and OCFO. The only product that is releasable to the Congress and the public is the annual Congressional Budget Justification (CBJ) book which is the output of the budget formulation process.

1.3 General Roles of Functional Offices

1.3.1 PA&E is the Administrator's staff office responsible for providing independent, objective, transparent, and multi-disciplinary assessments for strategic decision-making and provides the strategic planning and performance management required to insure that the long-range goals of NASA are met. As the lead for the Planning Phase, PA&E develops the Agency goals and plan every three years, as required by OMB Circular No. A-11, and conducts studies and analyses on near-term issues that could change strategy for the upcoming budget formulation cycle. As the lead for the Programming Phase, PA&E assesses the program and institutional changes, issues, and performance goals, including a portfolio assessment across the Agency; seeks solutions to various issues; presents the issues and recommendations to senior management; and documents management's decisions. In the Budgeting Phase, PA&E ensures that content justification and commitments for the Budget are clear, performance data is aligned with the budget, project cost and schedule data are consistent with other reports, and Congressional requirements are addressed. In the Execution Phase, PA&E reviews operating plans; continually assesses cost, schedule, technical, and programmatic performance data as part of the Baseline Performance Review (BPR); and develops performance highlights, performance plans, and reports on outcomes quarterly to OMB and Congress for any breach-to-cost and -schedule thresholds.

1.3.2 OCFO oversees all financial management activities relating to the programs and operations of the Agency, including the development and execution of the Agency's budgets. In the Planning Phase, OCFO provides input on the SPG. In the Programming Phase, OCFO reviews CAM allocations in the PRG, defines requirements for tracking subsequent resource adjustments, and reviews resource and FTE data throughout the process. OCFO leads the Budgeting and Execution Phases of PPBE, coordinating development of all budget data deliveries and serving as the primary point of contact with OMB, driving financial performance improvement actions throughout the Agency, and monitoring and reporting the financial execution of the Agency budget. OCFO maintains the Agency's eBudget systems; coordinates development and maintenance of the Agency/Congressional Operating Plans and the Agency Execution Plan; controls the Agency work breakdown structure within the official accounting system and eBudget; defends the Agency budget to OMB, Congressional committees, and external stakeholders; and analyzes and sets requirements for budget execution performance in the Execution Phase.

1.3.3 CAMs.

1.3.3.1 The CAMs and the accounts they control are listed below:

- a. Deputy Administrator - Agency Maintenance and Operations (AM&O) and Institutional Investments
- b. Associate Administrator - Integrated Center M&O (CM&O) budget
- c. Associate Administrators for each Mission Directorate - Mission Directorate budgets
- d. Assistant Administrator for Education - Education budget
- e. Inspector General - Inspector General's budget

1.3.3.2 CAMs develop the Program Resource Guidance (PRG) for budget development and submit their budget proposals during the Program Analysis and Alignment (PAA) step of the Programming Phase, which establishes their recommended budget strategy, demonstrates how programs will achieve the Agency's strategic objectives, and identifies the targeted level of performance that is to be delivered within the budgeted resources. With the delivery of the PAA, each CAMs update the budget database to permit Center and Agency assessments of the integrated requests and identify issues that are beyond their capability or capacity to resolve within their allocated resources.

1.3.4 Center Directors manage individual CM&O budget accounts, develop their budgets based on the SPG and the PRG, and submit their PAA reports in eBudget Clearinghouse for review.

1.3.5 Mission Support Offices provide their budget proposals to the AM&O CAM.

1.3.6 The Office of Program and Institutional Integration (OPII) coordinates the Center budgets and the Cross-Agency Support budgets and submits an integrated CM&O PAA, an integrated AM&O PAA, and an Institutional Investment PAA report.

1.4 The Federal Budget Process

1.4.1 The Federal budget process occurs in three main phases: Formulation, Congressional, and Execution.

1.4.1.1 Formulation. Title 31, U.S.C., requires that the President prepare a budget for the United States Government on an annual basis and submit it to Congress. During the Federal budget formulation process, the Executive Branch prepares the President's Budget. OMB officially starts the budgeting process by sending planning guidance to Executive Branch agencies in the spring, and the President completes the formulation phase by sending the budget to Congress no later than the first Monday in February.

1.4.1.2 Congressional. Title 2, U.S.C., requires that Congress adopt a concurrent resolution on the budget each year, setting forth appropriate funding levels for Federal government operations. Beginning in February, Congress reviews the President's Budget. It considers the President's Budget proposals, passes a revenue and spending plan for the Federal government called a budget resolution, and enacts the regular appropriations acts and other laws that control spending and receipts. Appropriations acts are to be enacted by September 30, prior to the beginning of each fiscal year. If Congress does not pass regular appropriations acts by September 30, they pass a temporary appropriations act, called a continuing resolution, which provides the authority to fund government operations for a specific period of time, usually expressed in days or weeks. More than one continuing resolution may be passed in a fiscal year if delays in passing the regular appropriations continue. This enables government operations to continue while Congress continues to draft the regular appropriations act(s). When neither a regular appropriation nor a continuing resolution is passed by Congress and a funding, or appropriation, hiatus occurs, most operations of the Federal government must shut down. OCFO will publish a contingency plan to be used in this situation.

1.4.1.3 Execution. OMB Circular No. A -11 sets forth procedures for execution of the budget, or directing and controlling funds to achieve the purposes and objectives for which they were approved. Agency requirements for execution are addressed in NPR 9470.1, "Budget Execution."

1.5 The Relationship of the Federal Budget Process and PPBE to Other NASA Management Processes

1.5.1 Performance Plan. GPRA requires that agencies develop budgets that fully integrate the annual performance plan with other elements of the budget request. The NASA Performance Plan, issued annually in the Congressional Budget Justification, establishes annual performance goals for the year for each program included in the Agency's annual budget request and identifies objective and measurable performance goals; discusses the processes, skills, and resources needed to meet the performance goals; and identifies the performance indicators that will be used to measure progress toward achieving the goals. The NASA Performance Plan is one of the inputs used in the PPBE process for budget formulation. NASA's performance is compared to the Plan, and the results are reported annually as part of the Performance and Accountability Report in accordance with GPRA.

1.5.2 Internal Controls. NPR 9010.3 “Financial Management Internal Control,” describes NASA’s policy for establishing and maintaining an Agency system of financial management internal control that provides reasonable assurance that Government resources are protected against fraud, waste, mismanagement, and misappropriation. All NASA personnel with financial management responsibilities must ensure that controls are in place, resources are appropriately used to support NASA’s mission, laws and regulations are followed, and data is reliable and timely. NASA managers with responsibility for budget activities must evaluate the internal controls associated with the budget process on a regular basis in accordance with the NASA Internal Control Program. Internal controls for any financial system used to support the PPBE process must also be in place and regularly evaluated for sufficiency.

1.5.3 Information Technology. The PPBE process is supported by multiple Agency financial systems. Any financial information system being procured or used to support the PPBE process must comply with Agency policy regarding financial management and budget systems and with Federal requirements and regulations for financial information systems, including the Information Technology Reform Act of 1995 (also known as the Clinger-Cohen Act).

1.5.4 Program and Project Management. NPR 7120.5, “NASA Program and Project Management Processes and Requirements,” defines the management requirements for formulating, approving, implementing, and evaluating the programs and projects that NASA will consider during the PPBE process.

1.6 The Budget Formulation Schedule

1.6.1 The following table highlights NASA’s steps in complying with Federal budget formulation requirements and provides a schedule for the activities. The table shows the planned timing. The actual timing may vary.

Table 1-1, NASA Steps in Complying with Federal Formulation Requirements

What Happens?	When?
NASA reviews open issues that were either not submitted with the OMB submit or were disapproved by OMB during the Fall Budget process	Fall
PA&E develops the Strategic Planning Guidance to set the budget and plans for the next budget formulation period. It is released officially in NASA’s eBudget Clearinghouse when the President’s Budget is submitted to Congress, typically in February.	December - February
The Center PAA is submitted to the CAM for CM&O so that they can integrate and submit an Agency CM&O PAA in Mid May.	March
Mission Support Integration Review is conducted with Center Directors and MD AA to discuss the Institutional Issues.	April

The Control Account Managers (CAMs) respond with proposed budget and issues in a report called the Program Analysis and Alignment (PAA) Report.	Mid May
PA&E evaluates the issues, coordinates responses, and brings forward options and recommendations to the Senior Management Councils. The issue papers are then consolidated in the Agency Issue Book and released in the eBudget Clearinghouse	June - July
PA&E sets up a senior management review to discuss issues and recommended decisions in a forum where strategy is discussed and Senior Managers are involved in the decision making.	July
PA&E develops PDMs to document the outcome of decisions regarding the issues. The PDMs are then consolidated in a PDM Book and released in the eBudget Clearinghouse, and a budget trace to identify the changes across the Agency.	July
A PaIG is developed from the PDMs and OCFO locks the budget data in the formulation finance database for the CAMs to make adjustments to their budget based on the PDM, the Centers also make adjustments, and the CAMs reconcile any differences at the end.	August
OCFO submits the NASA Budget Estimates to OMB and prepares an Agency briefing on any Budget structure and Justification for content changes. OCFO works with the CAMs and PAE to formulate the briefing.	1st Monday in September after Labor Day
Detailed presentations are developed and briefed to OMB	September - October
The passback and appeal cycle is usually after Thanksgiving and ends with the Final Settlement in December	November - December
Issues and Disconnects that remain are documented by OP11 and PA&E in an Acquisition Strategy Planning review that is held with Senior leaders. Tactical approaches to the outcome of the settlement, unresolved issues, or any new event that requires decisions are discussed to prepare for the next budget formulation year's SPG.	November - December

OCFO completes development and production of the CBJ. Copies are provided to NASA offices, OMB, and the Office of Legislative and Intergovernmental Affairs (OLIA) for distribution to Congressional Staff on the first Monday in February

January -
February

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